



**Financial Management Systems Improvement Council
Meeting Notes
Connor Room
Marriott University Park Hotel
Salt Lake City, UT
August 31, 1999**

Attendees: Tom Baranouskas-PNNL, Ralph Bonner-SNL, Bill Goodwin-LMITCO, Paul Grefenstette-WSRS, Paul Keele-DOE-ID, Jim Lopez-LLNL, Jim Martin-DOE-OR, Brian Morishita-LMITCO, Dean Olson-DOE-AL
Not present: , Bruce Chrisman-Fermilab, Gregg Crockett-K-H, Allan Johnston-LANL, Ron Ragland-LMES, and Betty Smedley-DOE-HQ
Guest: Jim Campbell-DOE-HQ

Ralph Bonner: Announced that Betty Smedley would participate in the meeting via telephone.

Betty Smedley:

- Travel. The June travel cost report was received and all contractors were on target with their travel costs except for one. Although an appeal to the 80% of FY-1998 Congressional ruling target was developed and will be presented next week, this will probably be the best that can be expected for the FY-2000 travel budgets. Flexibility to the travel budgets is being sought, and the targets will be imposed at the lab level rather than the programmatic level. Also, an appeal of the LDRD mark by requesting restoration of funding and asking for relief for contractors required to have personnel at HQ is being made. It was noted that the 80% mark does not take into consideration that some contractors are more efficient than others.
- Travel Comparison. Data provided by contractors was very beneficial particularly that provided by Westinghouse Savannah River. Fermilab also provided beneficial



FMSIC

- data from CERN & NSF. Other issues related to this topic were the need to include adjustment factors such as inflation (particularly jet fuel), remoteness of location for some originating points of travel, and government rates not being extended to contractors. No more data is needed from FMSIC on this topic at this time.
- Initiative for Proliferation Program (IPP). GAO recommended maximizing the usage of funds from labs going to this program. HQ asked for information from the four largest labs and focused on the 63% of this program's funding that was spent in the U.S. The response to the GAO was that the maximum amount that could be expected to go to the Soviets was in the 55-60% range. It was questioned whether or not labs could be CAS compliant if 35% or less of the funding was used in the U.S. The program is divided into thrusts. The level of funding to go to the Soviets for the first thrust is 50%. With less oversight expected for the second thrust this percentage is expected to increase. No additional comments are needed from FMSIC.
- Budget Results Council (BRC). At the last meeting, June 8, 1999 the BRC reviewed the prioritized suggestions regarding future BRC initiatives from the participants at the BRC Annual Conference. They include: (1) Continue to have joint conferences with FMSIC. (2) Look at adding another member (science lab) to the BRC. (3) Examine the reprogramming process for length of process, number of concurrences, requests that are disguised as reprogramming requests (4) cross cuts [develop a questionnaire to determine who uses the requested data, how they are used, how valuable the cross cuts are, the impact of eliminating these reports, and the cost to prepare them], (5) reengineer interoffice work orders [Jennifer Hackett, Oak Ridge is leading this effort], (6) limited period appropriations [this will be monitored], (7) BRC participation on BMIS, (8) capturing benchmarking/best practices data and posting on the FMSIC Clearinghouse website, (9) examine converting capital to operating funding, (10) financial training management training within the DOE/contractor complex [BRC will be briefed on existing HQ training], (11) examine the B&RC codes and how they are being used, (12) performance measures in the science area.
- The account payables and receivables working group is looking at eliminating IWO under BMIS FMS. **Action: Jim Martin will have Jennifer Hackett contact Jeff Payne regarding this issue.**
- Conference Order. Still has not been finalized and issued.
- Proposed DOE subagency. CFO responsibilities were not set up in this proposal. Outcome and implementation approaches are still unknown.
- Safeguards and Security. The current funding approach versus direct funding are still being looked at. However, beginning FY-2001 this effort will be direct funded with money being shifted from the programs to do this. Need basis for cost distribution



- from FMSIC members. Goal is to get guidance out by 09/10/99 and comment back by 10/10/99. Use B&RC memorandum account as a possibility. May need to look at redoing the WBS for the department and how we need to manage our work. Look at object class reporting by contractors
- BMIS update. The BMIS Steering Committee is meeting biweekly and has received draft reports. The requirements phase will be completed by the end of this calendar year and will include budgets. GSA will then be contacted for a list of approved vendors. FMSIC involvement will include a comment section on items passed through the Steering Committee. Two decisions from the Steering Committee are (1) purchase a commercial off the shelf software package and (2) limit customization to the software. Consideration needs to be given to having minimum reporting through MARS but also identify by policy what needs to be reported outside of MARS. Use MARS reporting for funds control. Functional cost reporting could be used to satisfy some of the reporting requirements. FMSIC member comments regarding this effort should be directed to Paul Grefenstette or Nancy Padgett (also of WSRC). BMIS funding for FY-2000 is in place and funding requirements are expected to last over three years. Paul Keele and Dean Olson will develop an issue paper that includes both policy issues and the WBS. This paper including time lines will be due in a couple of weeks and FMSIC needs to have comments to the Steering Committee by the end of October/early November. After the issue paper FMSIC needs to issue a formal recommendation with operating paradigms to the Steering Committee. **Action: Paul Keele and Dean Olson.**

Dennis Pulsipher:

- Functional Cost. Proposed revisions to the definitions were reviewed. It was decided that definitions were ok but that the intent and objective of functional cost reporting needs to be reissued. Paul Keele will provide for Ralph Bonner what the original intent and objective of functional cost was. Ralph in turn will provide this information to Betty Smedley who will reissue this information. Jim Campbell will check on why it is a requirement to complete the reconciliation form. The peer review process should continue and the peer review teams needs to look for consistency of ways of collecting costs. Peer reviews will not be distributed beyond the past distribution channels. **Action: Paul Keele, Ralph Bonner, Betty Smedley and Jim Campbell.**

Jim Campbell:

- Project Management. This effort is directed at overseeing the \$35M construction funding. Output will be reporting and the project watch list.
- Pricing of Products. Appreciation was expressed to the Pricing of Products Working Group for their efforts in developing a recommendation. The DOE CFO is planning to discuss the pilot project with Congressional representatives.



- OPI. OMB will require revenues and expenses as well as A/P and A/R. Also, there is a requirement to reconcile quarterly with IPO effective next fiscal year in March with new guidance from the Treasury coming out.

Lopez:

- 2000 All-Contractors Meeting. The ACM Advisory Group recommended that Denver be the location for next year's ACM. Other sites considered were Chicago and Dallas. A cost analysis of each of these sites will be prepared prior to making the final site selection. Anticipated date of the ACM is late April/early May. Topics and format for the ACM will be worked on next by the Advisory Group in conjunction with Jeffrey Fernandez of the BRC. BMIS, OPI, S&S are possible topics. **Action: Brian Morishita will prepare the cost analysis.**
- Recognition award. Further information on this award will be presented via email as it becomes available.

Ralph Bonner:

- Future Issues. BMIS, travel, ad hoc, issues, indirect/direct issues(lack of policies), overhead review (structure an approach for an independent review of the reasonableness of the costs and also prepare a set of milestones due by next June. Paul Grefenstette and Jim Campbell will develop the framework for this.) Financial statements – establish a group to look at deferred maintenance. No system or method to determine compliance with CAS. Ralph Bonner and Brian Morishita will initiate a survey for future issues. **Action: Paul Grefenstette, Jim Campbell, Ralph Bonner and Brian Morishita.**
- Council Membership. A decision was made to replace the LMITCO member with a Bechtel B&W Idaho representative. Fluor Daniel will be replaced on the Council and the replacement of this position will be deferred.

Brian Morishita:

- FMSIC Clearinghouse Budget FY-2000. The requested budget for the FMSIC Clearinghouse for FY-2000 of \$166K was presented and approved. This amount includes \$21K for a consultant. Usage of this consultant is dependent upon Council approval. Also, unused portions of the \$21K will be applied to the next ACM to reduce the registration fees.

Ralph Bonner:

- Frequency of FMSIC Meetings. It was decided that the Council would meet three times a year.
- Date & Location of the next FMSIC Meeting. Last week of January or the first week of February either in Dallas or Atlanta.